

MAURITIAN
STANDARD

MS ISO
14030-2:2021

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**Environmental performance
evaluation — Green debt
instruments — Part 2:
Process for green loans**

ICS 03.060; 13.020.20



**Mauritius Standards Bureau
Moka**

National foreword

This Mauritian Standard is identical with the International Standard **ISO 14030-2:2021**, *Environmental performance evaluation — Green debt instruments — Part 2: Process for green loans*. It was adopted by the Mauritius Standards Bureau on the recommendation of the **Environmental Management Standards Committee** through its Subcommittee on Green Finance. The standard was approved by the **Standards Council** on 12 May 2022 and notified in the Government Gazette on **04 June 2022**.*

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PREVIEW

Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 207, *Environmental management*, Subcommittee SC 4, *Environmental performance evaluation*.

A list of all parts in the ISO 14030 series can be found on the ISO website.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

Green debt financing has become an important tool to provide funding to meet growing environmental challenges. For financial and other institutions which offer loans, the designation as “green” can be used to finance projects, assets and supporting expenditures that result in potential environmental benefits such as aligning with global climate goals, protecting the environment and conserving natural resources. For lenders, borrowers and intermediaries, green loans are an attractive option with growing market appeal.

The growth in demand for green investments has also led to concerns over “greenwashing”, i.e. intended or inadvertent misrepresentation of green-related attributes. However, the clear, consistent, robust and transparent assessment, management and reporting of positive and negative impacts can offer confidence and reassurance to investors and other interested parties.

This document expands on the Loan Market Association’s Green Loan Principles^[13] by offering specific requirements and guidance for the eligibility of green loans. The intended result is to provide clarity on, and improve the credibility of, green loans. Like ISO 14030-1, this is achieved by setting requirements for the allocation of funds to projects, assets and supporting expenditures and for requiring reporting on actual or expected impacts.

The following elements of the process for issuing and managing a green loan have been drawn from the process defined within ISO 14030-1 and the Green Loan Principles with a view to promoting consistency across debt instruments:

- use of proceeds;
- process for evaluation and selection;
- management of proceeds;
- reporting.

This document also provides specific requirements for lender and borrower responsibilities related to additional documentation, loan refinancing and reporting.

The process for green loans is similar to ISO 14030-1. Both focus on the elements of green financing: the use of proceeds, the process for project evaluation and selection, the management of proceeds, and reporting.

Figure 1 outlines the relationship between the four parts of the ISO 14030 series.

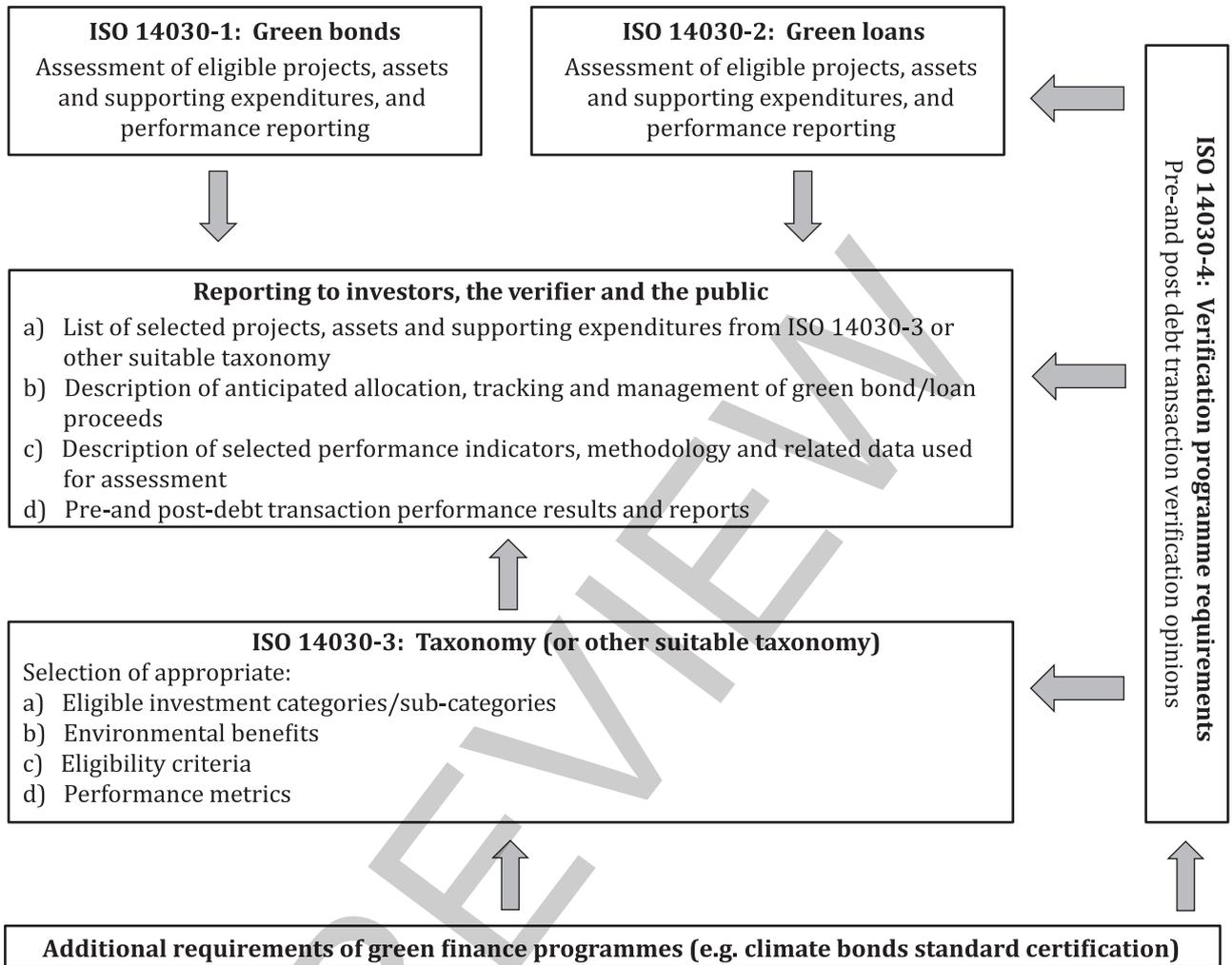


Figure 1 — Relationship between the parts of the ISO 14030 series

In this document:

- “shall” indicates a requirement;
- “should” indicates a recommendation;
- “may” indicates a permission;
- “can” indicates a possibility or a capability.

Information marked “NOTE” is for guidance in understanding or clarifying the associated requirement.

PREVIEW

Environmental performance evaluation — Green debt instruments —

Part 2: Process for green loans

1 Scope

This document establishes principles, specifies requirements and gives guidelines:

- for designating as “green” loans which finance eligible projects, assets and supporting expenditures;
- for managing and reporting on the use of proceeds;
- for defining, monitoring and reporting on the environmental impacts;
- for reporting to interested parties;
- for validation and verification.

This document is applicable to any borrower seeking financing by way of a green loan for eligible green projects, assets and supporting expenditures. It is also applicable to lenders.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

3.1 Terms related to debt instruments

3.1.1

debt instrument

obligation that enables a party to raise funds by promising to repay a *lender* (3.1.6) in accordance with the terms of a contract

3.1.2

green debt instrument

debt instrument (3.1.1) whose net proceeds or an amount equivalent to the net proceeds will be exclusively applied to finance or refinance in part or in full new or existing eligible projects, assets and supporting expenditures

3.1.3

borrower

person or entity who has contracted a *loan* (3.1.4)